

Message Text

LIMITED OFFICIAL USE

PAGE 01 DAR ES 03189 211256Z

46

ACTION TRSE-00

INFO OCT-01 AF-10 EUR-25 EA-11 ISO-00 IGA-02 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

NSC-10 SS-15 STR-08 CEA-02 L-03 H-03 SSO-00 NSCE-00

USIE-00 INRE-00 PRS-01 PA-03 DRC-01 AGR-20 ARA-16

NEA-10 IO-13 /230 W

----- 026148

O R 211300Z SEP 73

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC IMMEDIATE 4020

INFO AMEMBASSY NAIROBI IMMEDIATE

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE DAR ES SALAAM 3189

DEPARTMENT PASS COPIES TO TREASURY AND FEDERAL RESERVE

NAIROBI - FOR US DELEGATION, IBRD/IMF MEETINGS

E.O. 11652: N/A

TAGS: EFIN, TZ

SUBJECT: COMMONWEALTH FINANCE MINISTER CONFERENCE CONCENTRATES
ON MONETARY REFORM

REF: DAR ES SALAAM 3190

1. SUMMARY: COMMONWEALTH FINANCE MINISTERS CONCLUDED MEETINGS IN
DAR ES SALAAM YESTERDAY EVENING. MONETARY REFORM WAS DOMINATE
THEME OF MEETING WITH SDR-AID LINK RECEIVING PARTICULAR ATTENTION.
AUSTRALIA'S ANNOUNCEMENT OF NEUTRALITY ON LINK QUESTION DREW WIDE-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DAR ES 03189 211256Z

SPREAD COMMENT ALTHOUGH DELEGATION LEADER TOLD EMBASSY ECONOMIC

OFFICER LATER THAT CHANGE OF POSITION WAS NOT NEARLY AS GREAT AS IT APPEARED IN PRESS. PROPOSALS TO SET UP COMMONWEALTH MULTILATERAL FINANCIAL INSTITUTIONS NEVER GOT OFF GROUND. END SUMMARY.

2. COMMONWEALTH FINANCE MINISTERS, DURING ANNUAL MEETING, CONCENTRATED ON MONETARY QUESTIONS AND PAID PARTICULAR ATTENTION IN DISCUSSION, LED BY LDC MEMBERS, TO SDR BEING LINKED TO DEVELOPMENT FINANCE. PARTINENT SECTIONS OF FINAL COMMUNIQUE ON THIS ISSUE AS FOLLOWS: "MINISTERS...ENDORSED THE ESTABLISHMENT OF SDR AS PRIMARY RESERVE ASSET" AND "THERE WAS WIDESTREAD AGREEMENT THAT A LINK BETWEEN CREATION OF SDR'S AND DEVELOPMENT ASSISTANCE SHOULD BE AN INTEGRAL PART OF THE REFORMED SYSTEM; AND IN THIS CONNECTION, MINISTERS AGREED THAT THE NEXT STEP SHOULD BE TO EXAMINE SPECIFIC MECHANISMS WHICH WOULD BE CONSISTENT WITH A SOUNDLY BASED INTERNATIONAL MONETARY SYSTEM."

3. LATER, WHEN ISSUING FINAL COMMUNIQUE, SECRETARY-GENERAL SMITH EXPLAINED, IN REPLY TO QUESTION, THAT HE COULD NOT STATE SUPPORT WAS UNANIMOUS FOR THE SDR-AID LINK BUT THERE WAS A WILLINGNESS TO BE SYMPATHETIC TO THE LDC WISHES PROVIDED SOLUTIONS CAN BE WORKED OUT WHICH DO NOT JEOPARDIZE THE FUTURE STABILITY OF THE MONETARY SYSTEM. OTHERS HE NOTED QUESTIONED THE POSSIBILITY OF OBTAINING FULL INTERNATIONAL AGREEMENT ON LINK. THERE WAS FULL AWARENESS OF THE US OPPOSITION TO THE LINK AND AT ONE SESSION A DELEGATE REPORTEDLY SAID THAT ESTABLISHMENT OF LINK MAY CHANGE CONGRESS'S ATTITUDE ON OTHER FORMS OF USG DEVELOPMENT AID. ONE SECRETARIAT OFFICER COMMENTED THAT ARTHUR BURNS' THINKING ON QUESTION WAS VERY MUCH IN THE MIND OF DELEGATES AT MEETING.

4. ACTION WHICH CAUSED MOST COMMENT AT CONFERENCE WAS, AS SMITH PUT IT, "SIGNIFICANT SWITCH BY AUSTRALIA" TO ADOPT AN APPARENTLY NEUTRAL POSITION ON SDR-AID LINK. REPORTEDLY, AT MEETING OF FINANCE OFFICIALS, LEADER OF AUSTRALIAN DELEGATION (WHITELAW) REMARKED THAT ON THIS ISSUE AUSTRALIA HAD BEEN REGARDED AS A "HERETIC", BUT NOW IS AN "AGNOSTIC ON THE ROAD TO CONVERSION." HOWEVER, AFTER CLOSING OF CONFERENCE, WHITELAW WENT TO SOME LENGTH TO PROVIDE EMBASSY ECON OFFICER WITH MEETING MINUTES OF HIS STATEMENT (TRANSMITTED BY REFTEL) WHICH SUGGESTED AUSTRALIA IS LESS ENTHUSIASTIC ABOUT SDR-AID LINK THAN SUMMARY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DAR ES 03189 211256Z

OF WHITELAW STATEMENT CARRIED BY WIRE SERVICES. WHITELAW EXPLAINED THAT "WE ARE TRYING TO KEEP EVERYBODY HAPPY."

5. CONFERENCE MINISTERS WERE NOT SANGUINE THAT RESOLUTION OF OUTSTANDING MONETARY QUESTIONS ARE POSSIBLE IN NAIROBI. IN FINAL COMMUNIQUE THEY ASKED THAT "PROGRESS SHOULD BE ACCELERATED...ON REFORM OF INTERNATIONAL MONETARY SYSTEM" AND, REFERRING TO UPCOMING IMF/IBRD MEETINGS, THEY "URGED...THAT THE

COMMITTEE (OF TWENTY) SHOULD OBTAIN NECESSARY DIRECTIVES AND GUIDELINES SO AS TO ENSURE THE RESOLUTION BY THIS TIME NEXT YEAR OF THE MAJOR PROBLEMS OF MONETARY REFORM. SPEAKING TO PRESS AFTERWARDS, SMITH EXPLAINED THAT WHILE THERE WAS A "SENSE OF URGENCY" AMONG THE MINISTERS, "REALISTICALLY SPEAKING" THEY RECOGNIZED IT WOULD TAKE "LONGER" TO COME UP WITH A THOROUGH GOING REFORM OF THE SYSTEM. TANZANIAN FINANCE MINISTER "MSUYA), MEETING CHAIRMAN, ADDED, WHEN SPEAKING TO PRESS, "THAT A SOLUTION MUST BE FOUND AND FOUND QUICKLY, PROVIDED THERE IS A POLITICAL WILL TO GIVE GUIDELINES TO LET THE TECHNOCRATS WORK ONE OUT."

6. ALSO REGARDING MONETARY POLICY, THE COMMUNIQUE EXPLAINED THAT WHEN THE MINISTERS DISCUSSED MONETARY REFORM THEY /NOTED THAT THE REFORMED SYSTEM ENVISAGES STABLE BUT ADJUSTABLE PARITIES, WITH RECOGNITION OF FLOATING AS A USEFUL TECHNIQUE IN PARTICULAR SITUATIONS." THEY AGREED THAT "THERE SHOULD BE INTERNATIONAL SURVEILLANCE OF BALANCE OF PAYMENTS ADJUSTMENT AND OF FLOATING REGIMES, HAVING REGARD TO THE SPECIAL CIRCUMSTANCES OF DEV-ELOPING COUNTRIES, BUT CONSIDERED THAT TOO GREAT AUTOMATICITY IN THE APPLICATION OF OBJECTIVE INDICATORS WAS NOT DESIREABLE. DEVELOPING COUNTRIES, HOWEVER, EXPRESSED THE VIEW THAT THEY OUGHT TO BE EXEMPTED FROM ANY SANCTIONS IMPOSED UNDER SUCH SURVEILLANCE."

7. ONE NOTE OF HUMOR WAS ADDED TO MEETING WHEN BRITISH DELEGATION LEADER (BARBER) EXPLAINED HIS "HOPE SHOCKS TO THE SYSTEM WILL BE SUFFICIENTLY CLEAR IN PEOPLE'S MINDS TO ACT AS SPUR TO PROGRESS RATHER THAN HAVING APATHY SET IN ONCE MORE." WRY INTERPRETATIVE COMMENT OF SOME ATTENDING MEETING WAS THAT CHANCELLOR OF EXCHEQUER SEEMED TO BE CALLING FOR STERLING CRISIS TO SPEED MONETARY REFORM.

8. THE FINAL COMMUNIQUE ALSO COVERED OTHER SUBJECTS RAISED AT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 DAR ES 03189 211256Z

MEETING:

(A) MINISTERS "CALLED FOR REDOUBLED EFFORTS TO SECURE EQUITABLE AND RENUMBERATIVE PRICES FOR PRIMARY PRODUCTS..."

(B) WELCOMED AGREEMENT REACHED IN TOKYO LAST WEEK TO LAUNCH COMPREHENSIVE TRADE NEGOTIATIONS" AND NOTED IN PARTICULAR "THAT DEVELOPED COUNTRIES DID NOT EXPECT RECIPROCITY..."

(C) "DISCUSSED...ACCESS FOR THEIR PRODUCTS IN THE MARKETS OF ENLARGEDEEC...AND NOTED WITH APPRECIATION AS

E E E E E E E

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CURRENCY CONTROLS, MINISTERIAL MEETINGS, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973DARES03189
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: DAR ES SALAAM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730919/aaaaanyt.tel
Line Count: 157
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: DAR ES SALAAM 3190
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 26 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Oct-2001 by cunninfx>; APPROVED <15-Nov-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMONWEALTH FINANCE MINISTER CONFERENCE CONCENTRATES ON MONETARY REFORM
TAGS: EFIN, TZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005